



Global Communications

November 12, 2007

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W. Washington, D.C. 20554

Re: Universal Service Obligations, WC Docket No. 06-122

Dear Ms. Dortch:

j2 Global Communications, Inc. (“j2 Global”) submits this letter in response to questions raised in our prior meetings with the Wireline staff regarding our concerns that a numbers-based contribution mechanism for collection of Universal Service Funds – without appropriate safeguards – would have a significant adverse impact on j2 Global’s customers with no associated benefit to the USF.

j2 Global provides outsourced, value-added messaging and communications services to individuals and businesses, predominantly under the brand names eFax[®], eVoice[®], OneBox[®], Fax.com[™] and Send2Fax[®].

j2 Global’s customer base consists of both “paid” and “free” users of our services. As of September 30, 2007 we had approximately 11 million free users and one million paid users – each of whom is allocated the use of an individual telephone number or Direct Inward Dial (“DID”) number. j2 Global, as part of its business model and as an introductory service to its customers, provides limited use free services with the goal of up-selling a portion of that customer base to our more robust, paid services. Our free service offerings permit customers to receive fax and/or voice messages as email attachments. While these free services are designed to be introductory, customers can retain their free service for an indefinite period of time as long as they remain within the usage limitations. In fact, many of these customers have continued to use their free accounts for years.

We understand that a variety of mechanisms are being considered for the collection of USF contributions. We appreciate the opportunity to express our concerns regarding a numbers-based approach and the impact it would have on our 11 million free users, approximately 10 million of whom utilize a U.S. DID. We do not have a direct billing relationship with these users and by their terms of service, their usage is limited and quite low. In fact, the average free customer’s usage is under two minutes per month, while the median free customer’s monthly usage is less than five minutes.

Further, j2 Global's services are not comparable to and are not a substitute for traditional phone services. We provide particular services that millions of customers rely on to only send and/or receive faxes and/or voice messages through email (free customers only have the ability to receive, not send). These services do not allow a paid or free customer to have a two-way call or other communication via the assigned DID. This distinction furthers the disproportionate effect that a numbers-based contribution mechanism would have on our customers. We believe that this disproportionate impact on free users should cause concern to the FCC and we urge the Commission to adopt limited relief in the event it elects to move forward with a numbers-based system.

In addition, since we do not have a billing relationship with our free customers, it is not possible to pass on a USF charge to the end user. We have calculated that if a numbers-based contribution mechanism were to be adopted with a fee of \$1 per working DID and j2 Global were to absorb the cost on behalf of its customers, our federal USF-related costs would increase from \$1.2 million per year to in excess of \$120 million per year, a more than 1,000% increase. While we are a financially successful company, we would not be able to bear the burden of this increase, thereby resulting in termination of the free services and disenfranchising millions of customers who currently derive value from our offerings. Moreover, this outcome would harm the USF by excluding the current contributions that are made to the fund by j2 Global through its carriers on behalf of these customers. In sum, a numbers-based approach which does not provide limited relief would result in millions of customers losing their free service and a decrease in contributions to the USF. Under these circumstances we believe limited relief to clearly be warranted.

We urge the FCC to adopt a plan that would allow exemptions for low utilization information service providers such as ourselves.

We fully support the goals of the Universal Service Fund. However, we strongly suggest that no reform proposals be formally adopted by the Commission until the full impact of those proposals is considered and fully understood. We appreciate your attention in this matter and look forward to working with you on this issue.

Respectfully submitted,



R. Scott Turicchi
Co-President